

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 8130**

**BILL NUMBER:** SB 480

**DATE PREPARED:** Jan 17, 2001

**BILL AMENDED:**

**SUBJECT:** Mandated Health Care Benefits Review.

**FISCAL ANALYST:** Sherry Fontaine

**PHONE NUMBER:** 232-9867

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes the Mandated Health Insurance Services Evaluation Commission. The bill requires the Commission to analyze legislative proposals that mandate health insurance benefits.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This bill establishes a Mandated Health Insurance Services Evaluation Commission which is to analyze health insurance benefits that are mandated by a bill. The Commission consists of twelve members. Four of the members are legislators and eight are lay members. The Legislative Services Agency will provide the administrative support for the Commission.

The responsibilities of the Commission, as provided for in this bill, are to determine the following:

1. The availability and extent of insurance coverage for the service specified in the bill.
2. The extent to which the service is generally recognized by the medical community.
3. The extent to which insurance coverage for the service will increase or decrease the cost and appropriate use of the service, as well as any related services.
4. The effect of the mandate on hiring practices, expansion, and profitability of businesses, including small businesses of fewer than 100 employees.
5. The effect of the mandate on an employer's ability to purchase health insurance policies.

The Commission is also required to prepare an actuarial analysis of each health insurance benefit mandated by a bill when a bill is pending or enacted by the General Assembly.

Lay members are entitled to a per diem of \$50 and travel expenses. State employees who are members of the Commission will be reimbursed for travel expenses. Legislative members of the Commission will receive

a per diem of \$112 and travel expenses. The aforementioned expenses will be paid from the State General Fund. Total costs will depend on the number of meetings held.

Based upon a comparative analysis of states (Hawaii, Virginia, and Ohio) which conduct analysis of the fiscal impact of mandated benefits or require an actuary to analyze mandated health insurance benefits, the provisions in this bill are estimated to require two full-time analysts from the Legislative Services Agency (LSA) to staff the Commission and an actuary to conduct the actuarial analysis. The costs for LSA staff would be about \$99,000 for each of FY 2002 and FY 2003, which includes salary, fringe benefits, and indirect costs.

The Ohio State Government recently passed legislation that arranges for healthcare actuarial reviews of bills that contain a mandated health services benefit. The Ohio Legislative Budget Office estimates that the actuarial analysis costs approximately \$15,000 to \$30,000 per bill. Based on ten bills per legislative session that would be required to undergo the analyses required by this bill, the cost per year for an actuarial analysis would be \$75,000 to \$150,000. (Five to 15 bills per session over the last few years might meet the criteria provided in this bill requiring a mandated health care benefits review.)

Total state expenditures are estimated to be approximately \$174,000 to \$249,000 for each of FY 2002 and FY 2003.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance, Legislative Services Agency.

**Local Agencies Affected:**

**Information Sources:** Ohio Legislative Budget Office, Hawaii Legislative Auditor's Office, Virginia Department of Insurance.